

Budget 2020/2021

Time for action

Individual income tax

Rates and rebates

All persons (including deceased estates) other than companies and trusts, but including special trusts

Taxable income

Rates of tax – year of assessment ending on 28 February 2021			
R0	– R205 900	18% of each R1	
R205 901	– R321 600	R37 062	+ 26% of each R above R205 900
R321 601	– R445 100	R67 144	+ 31% of each R above R321 600
R445 101	– R584 200	R105 429	+ 36% of each R above R445 100
R584 201	– R744 800	R155 505	+ 39% of each R above R584 200
R744 801	– R1 577 300	R218 139	+ 41% of each R above R744 800
R1 577 301 +		R559 464	+ 45% of each R above R1 577 300

Ordinary trusts are taxed at a flat rate of 45%.

Rebates

	2019/20	2020/21
Primary	R14 220	R14 958
Secondary – 65 years and older	R 7 794	R8 199
Third rebate – 75 years and older	R 2 601	R2 736

Tax thresholds

	2019/20	2020/21
Below 65	R 79 000	R83 100
65 to below 75 years	R122 300	R128 650
75 years and older	R136 750	R143 850

Taxable income from retirement fund lump sum – Withdrawal benefits

Rate of tax		
R0	– R 25 000	0%
R25 001	– R660 000	18% of each R above R25 000
R660 001	– R990 000	R114 300 + 27% of each R above R660 000
R990 001+		R203 400 + 36% of each R above R990 000

Taxable income from retirement fund lump sum – Retirement benefits

Rate of tax		
R0	– R 500 000	0%
R500 001	– R 700 000	18% of each R above R500,000
R700 001	– R1 050 000	R36 000 + 27% of each R above R700 000
R1 050 001+		R130 500 + 36% of each R above R1 050 000

Foreign dividends*

Shareholding < 10%	Maximum effective rate 20%
Shareholding > 10%	Exempt (subject to conditions)

* Applicable to all shareholders (whether individuals, trusts or companies)

Exemptions and deductions

	2019/20	2020/21
Interest exemption		
Under 65	R23 800	R23 800
65 years and older	R34 500	R34 500

Relief for medical expenses

	2019/20	2020/21
All taxpayers:		
Medical scheme contributions	Rebate per month	Rebate per month
Taxpayer	R310	R319
Taxpayer and first dependant	R620	R638
Each additional dependant	R209	R215
Other medical expenses		
	Annual rebate	Annual rebate
65 years and older and disabled	33.3% of medical scheme contributions in excess of 3x medical scheme rebate and 33.3% of other expenses	33.3% of medical scheme contributions in excess of 3x medical scheme rebate and 33.3% of other expenses
All other under 65s	25% of aggregate of medical scheme contributions in excess of 4x medical scheme rebate and other expenses	25% of aggregate of medical scheme contributions in excess of 4x medical scheme rebate and other expenses

Employees

Inclusions in monthly remuneration

	2019/20	2020/21
Travel allowance:		
Standard inclusion rate	80%	80%
If business travel > 80%	20%	20%
Company car fringe benefit:		
Standard inclusion rate	80%	80%
If business travel > 80%	20%	20%

Travel allowances

* Taxpayers are required to record business travel in a log book.

Deemed cost rates per kilometre

Value of vehicle (including VAT)	Fixed cost	Fuel cost	Maintenance
R	(R p.a.)	(c/km)	(c/km)
0 – 95 000	31 322	105.8	37.4
95 001 – 190 000	55 894	118.1	46.8
190 001 – 285 000	80 539	128.3	51.6
285 001 – 380 000	102 211	138.0	56.4
380 001 – 475 000	123 955	147.7	66.2
475 001 – 570 000	146 753	169.4	77.8
570 001 – 665 000	169 552	175.1	96.6
665 000+	169 552	175.1	96.6

Alternative rate table

	2019/20	2020/21
Alternative deemed rate per km (subject to conditions)	361 c/km	398 c/km

This alternative rate is not available if compensation of an allowance or reimbursement is received (other than parking or toll fees).

Company cars (private use of employer-owned vehicle)

Taxable benefit per month

	Taxable % (of determined value)
Standard rate	3.5%
If the car is subject to a maintenance plan	3.25%

Deemed subsistence allowances and advances

	2019/20	2020/21
Meals and incidental costs (in SA)	R435 per day	R452 per day
Incidental costs only	R134 per day	R139 per day
Accommodation outside SA	Country rates published by Government Notice	Country rates published by Government Notice

All rates subject to periodic change

Companies

Company tax rates

	2019/20	2020/21
Normal income tax	28%	28%
Dividends tax	20%	20%

Small business corporation

Taxable income

Rate of tax		
R0	– R83 100	0%
R83 101	– R365 000	7% of each R above R83 100
R365 001	– R550 000	R19 733 + 21% of each R above R365 000
R550 001+		R58 583 + 28% of each R above R550 000

Micro business – Turnover tax

Taxable turnover

Rate of tax		
R0	– R335 000	0%
R335 001	– R500 000	1% of each R above R335 000
R500 001	– R750 000	R1 650 + 2% of each R above R500 000
R750 001+		R6 650 + 3% of each R above R750 000



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Capital gains tax

Person	Inclusion rate %		Max effective rate %	
	2019/20	2020/21	2019/20	2020/21
Natural persons	40	40	18.0	18.0
Special trusts	40	40	18.0	18.0
Other trusts	80	80	36.0	36.0
Companies	80	80	22.4	22.4

Exclusions

	2019/20	2020/21
Primary residence	R2m	R2m
Annual exclusion	R40 000	R40 000
Year of death	R300 000	R300 000
Small business exclusion for individuals over 55 years	R1.8m	R1.8m

VAT

	2019/20	2020/21
Rate	15%	15%
Registration threshold:		
Compulsory	R1m	R1m
Voluntary	R50 000	R50 000

Carbon tax

	2019/20	2020/21
Rate	R120 per tonne of CO ₂ e	R127 per tonne of CO ₂ e

Payments to non-residents

Type of payment	Withholding tax
Dividends	20%
Interest	15%
Royalties	15%
Visiting entertainers and sports people	15%
Sale of immovable property in SA by a non-resident	Trust: 15% Company: 10% Natural person: 7.5%

Donations tax and estate duty

Rate	2019/20	2020/21
First R30 million	20%	20%
Above R30 million	25%	25%
Donations tax exemption:		
Natural persons	R100 000	R100 000
Other	R 10 000	R 10 000
Estate duty abatement	R 3.5m	R 3.5m

Transfer duty

Value of property

	Rate of duty
R0 – R1 000 000	0%
R1 000 000 – R1 375 000	3% on value above R1 000 000
R1 375 001 – R1 925 000	R11 250 + 6% on value above R1 375 000
R1 925 001 – R2 475 000	R44 250 + 8% on the value above R1 925 000
R2 475 001 – R11 000 000	R88 250 + 11% on the value above R2 475 000
R11 000 001+	R1 026 000 + 13% on the value above R11 000 000

Other rates

Skills Development Levy

	2019/20	2020/21
Rate	1%	1%
Annual remuneration threshold	R500 000	R500 000
Unemployment Insurance Fund (employer and employee)	1% + 1%	1% + 1%

Interest rates

With effect from	Table 1* %	Table 2* %	Table 3** %
01/03/09	15.0	11.0	11.5
01/05/09	13.5	9.5	11.5
01/06/09	13.5	9.5	9.5
01/07/09	12.5	8.5	8.5
01/08/09	11.5	7.5	8.5
01/09/09	10.5	6.5	8.0
01/07/10	9.5	5.5	8.0
01/10/10	9.5	5.5	7.0
01/03/11	8.5	4.5	6.5
01/08/12	8.5	4.5	6.0
01/05/14	9.0	5.0	6.5
01/11/14	9.25	5.25	6.75
01/08/15	9.25	5.25	7
01/11/15	9.5	5.5	7
01/12/15	9.5	5.5	7.25
01/02/16	9.5	5.5	7.75
01/03/16	9.75	5.75	7.75
01/04/16	9.75	5.75	8
01/05/16	10.25	6.25	8
01/07/16	10.5	6.5	8
01/08/17	10.5	6.5	7.75
01/11/17	10.25	6.25	7.75
01/04/18	10.25	6.25	7.50
01/07/18	10.00	6.00	7.50
01/12/18	10.00	6.00	7.75
01/03/19	10.25	6.25	7.75
01/08/19	10.25	6.25	7.50
01/11/19	10.00	6.00	7.50
01/02/20	10.00	6.00	7.25

T1 – SARS pays interest to taxpayer in all instances other than T2 (including VAT refunds) AND taxpayer pays interest to SARS on late/under-paid taxes (including income tax and VAT)
T2 – SARS pays interest to taxpayer on provisional tax overpayment
T3 – Official rate of interest for tax purposes on fringe benefits

* Note: Rates are subject to change in terms of the Public Finance Management Act No.1 of 1999
**Note: Rates are subject to change when the SA Reserve Bank adjusts its inter-bank (REPO) rate

Understatement penalty

Behaviour	Standard case	Obstructive or repeat case	Voluntary disclosure after notification of audit or investigation	Voluntary disclosure before notification of audit or investigation
Substantial understatement	10%	20%	5%	0%
Reasonable care not taken in completing return	25%	50%	15%	0%
No reasonable ground for tax position	50%	75%	25%	0%
Impermissible avoidance arrangement	75%	100%	35%	0%
Gross negligence	100%	125%	50%	5%
Intentional tax evasion	150%	200%	75%	10%

Understatement means any prejudice to SARS or the fiscus as a result of:

- A default in rendering a return
- An omission from rendering a return
- An incorrect statement in a return
- Failure to pay correct amount of tax

The burden of proving the facts on which SARS based the imposition of the understatement penalty, is upon SARS.

Tax calendar

Withholding taxes (dividends, royalties and interest)	Last day of month following the month in which amount is paid
Provisional tax February year-end	
1st payment	6 months before year-end (31 Aug)
2nd payment	At year-end (end-February)
3rd payment	7 months after year-end (30 Sep)
Other than Feb	
1st payment	6 months prior to year-end
2nd payment	At year-end
Other taxes and levies	
VAT	25th of month after tax period (special e-filing rules)
PAYE	7th day of each following month
SDL	7th day of each following month

Percentage-based penalties

Tax area	Reason	Penalty
Provisional tax	1st or 2nd payment late	10%
Provisional tax	Underestimate	20%
Provisional tax	3rd payment late	0% (but interest potentially payable)
VAT	Late payment	10%
Employees' tax	Late payment Late filing of EMP501	10% 10%

Fixed penalties (per month): Administrative non-compliance

Taxable income for preceding year	Monthly penalty
Assessed loss	R 250
R 0 – R 250 000	R 250
R250 001 – R 500 000	R 500
R500 001 – R 1 000 000	R 1 000
R1 000 001 – R 5 000 000	R 2 000
R5 000 001 – R10 000 000	R 4 000
R10 000 001 – R50 000 000	R 8 000
R50 000 001+	R16 000

Maximum successive penalties: 36 (SARS in possession of address) or 48 (SARS not in possession of address)

Administrative non-compliance is the failure to comply with an obligation imposed by or under a tax act and is listed in a public notice by the Commissioner. Administrative non-compliance penalties on the failure to submit corporate income tax returns for the 2009 year of assessment and subsequent years were introduced on 15 December 2018

Contacts

Africa Tax Leader
Tola Ogundipe
tola.a.ogundipe@pwc.com

Southern Africa Tax Leader
Jabu Masondo
jabu.masondo@pwc.com

Tax Policy Leader
Kyle Mandy
kyle.mandy@pwc.com

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The information contained in this booklet is based on our interpretation of the existing legislation and budget proposals. These proposals are subject to amendment during the forthcoming debate in the National Assembly before they become law. Whilst we have taken every care in preparing this booklet we cannot accept responsibility for any inaccuracies that may arise. We suggest that you use this booklet as a guide, but that you consult us before taking any decisions based on the information contained herein.

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